

# HOUSE BILL 860

C5

(11r2231)

## ENROLLED BILL

— *Economic Matters/Finance* —

Introduced by **Delegate McHale and the Speaker (By Request – Administration) and Delegates Clippinger, Hammen, Holmes, and Washington**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

### 2 **Electricity – Net Energy Metering**

3 FOR the purpose of altering the period during which an eligible customer-generator  
4 may accrue certain net excess generation; requiring a certain electric company  
5 to carry forward ~~a negative kilowatt-hour reading~~ net excess generation until a  
6 certain consumption eliminates the net excess generation or a certain accrual  
7 period expires; altering how the dollar value of a certain net excess generation  
8 is calculated; repealing a requirement that certain generation credit appear on  
9 the eligible customer-generator’s bill in a dollar amount; requiring an electric  
10 company to reimburse certain eligible customer-generators for the dollar value  
11 of certain accrued net excess generation on or before a certain date each year;  
12 providing that a certain eligible customer-generator may choose to be paid for  
13 the dollar value of certain net excess generation on a monthly basis under certain

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#### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics* indicate opposite chamber/conference committee amendments.



1 *circumstances*; repealing a provision authorizing the Public Service Commission  
 2 to require a certain eligible customer–generator to install a certain dual meter  
 3 under certain circumstances; repealing a provision that requires the  
 4 Commission to develop a certain credit formula; altering the date by which the  
 5 Commission is required to report each year on the status of the net metering  
 6 program; repealing a certain definition; defining a certain term; and generally  
 7 relating to net energy metering and payment for accrued net excess generation.

8 BY repealing and reenacting, with amendments,

9 Article – Public Utilities

10 Section 7–306

11 Annotated Code of Maryland

12 (2010 Replacement Volume)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article – Public Utilities**

16 7–306.

17 (a) (1) In this section the following words have the meanings indicated.

18 (2) “Biomass” means “qualified biomass” as defined in § 7–701 of this  
 19 title.

20 (3) “Eligible customer–generator” means a customer that owns and  
 21 operates, leases and operates, or contracts with a third party that owns and operates a  
 22 biomass, micro combined heat and power, solar, fuel cell, or wind electric generating  
 23 facility that:

24 (i) is located on the customer’s premises or contiguous property;

25 (ii) is interconnected and operated in parallel with an electric  
 26 company’s transmission and distribution facilities; and

27 (iii) is intended primarily to offset all or part of the customer’s  
 28 own electricity requirements.

29 (4) “Fuel cell” means an electric generating facility that:

30 (i) includes integrated power plant systems containing a stack,  
 31 tubular array, or other functionally similar configuration used to electrochemically  
 32 convert fuel to electric energy; and

33 (ii) may include:

- 1                   1.     an inverter and fuel processing system; and
- 2                   2.     other plant equipment to support the plant's
- 3 operation or its energy conversion, including heat recovery equipment.

4                   (5)    ["Generation credit" means a credit associated with the generation

5 of electricity produced in excess of the electricity consumed by an eligible

6 customer-generator in one billing period.

7                   (6)]    "Micro combined heat and power" means the simultaneous or

8 sequential production of useful thermal energy and electrical or mechanical power not

9 exceeding 30 kilowatts.

10                  [(7)] (6)    "Net energy metering" means measurement of the difference

11 between the electricity that is supplied by an electric company and the electricity that

12 is generated by an eligible customer-generator and fed back to the electric grid over

13 the eligible customer-generator's billing period.

14                  (7)    "NET EXCESS GENERATION" MEANS THE AMOUNT OF THE

15 ELECTRICITY GENERATED BY AN ELIGIBLE CUSTOMER-GENERATOR THAT IS IN

16 EXCESS OF THE ELECTRICITY CONSUMED BY THE ELIGIBLE

17 CUSTOMER-GENERATOR AND THAT RESULTS IN A NEGATIVE KILOWATT-HOUR

18 READING AT THE END OF THE ELIGIBLE CUSTOMER-GENERATOR'S BILLING

19 CYCLE.

20                  (b)    The General Assembly finds and declares that a program to provide net

21 energy metering for eligible customer-generators is a means to encourage private

22 investment in renewable energy resources, stimulate in-State economic growth,

23 enhance continued diversification of the State's energy resource mix, and reduce costs

24 of interconnection and administration.

25                  (c)    An electric company serving an eligible customer-generator shall ensure

26 that the meter installed for net energy metering is capable of measuring the flow of

27 electricity in two directions.

28                  (d)    The Commission shall require electric utilities to develop a standard

29 contract or tariff for net energy metering and make it available to eligible

30 customer-generators on a first-come, first-served basis until the rated generating

31 capacity owned and operated by eligible customer-generators in the State reaches

32 1,500 megawatts.

33                  (e)    (1)    [Except as provided in subsection (g) of this section, a] **A** net

34 energy metering contract or tariff shall be identical, in energy rates, rate structure,

35 and monthly charges, to the contract or tariff that the customer would be assigned if

36 the customer were not an eligible customer-generator.

1 (2) (i) A net energy metering contract or tariff may not include  
 2 charges that would raise the eligible customer-generator's minimum monthly charge  
 3 above that of customers of the rate class to which the eligible customer-generator  
 4 would otherwise be assigned.

5 (ii) Charges prohibited by this paragraph include new or  
 6 additional demand charges, standby charges, customer charges, and minimum  
 7 monthly charges.

8 (f) (1) The electric company shall calculate net energy metering in  
 9 accordance with this subsection.

10 (2) Net energy produced or consumed on a regular basis shall be  
 11 measured in accordance with standard metering practices.

12 (3) If electricity supplied by the grid exceeds electricity generated by  
 13 the eligible customer-generator during a month, the eligible customer-generator shall  
 14 be billed for the net energy supplied in accordance with subsection (e) of this section.

15 (4) If electricity generated by the eligible customer-generator exceeds  
 16 the electricity supplied by the grid, the eligible customer-generator shall be billed only  
 17 customer charges for that month in accordance with subsection (e) of this section.

18 (5) (i) An eligible customer-generator under paragraph (4) of this  
 19 subsection may accrue [generation credit] **NET EXCESS GENERATION FOR A**  
 20 **PERIOD:**

21 **1. NOT TO EXCEED ~~1 CALENDAR YEAR~~ 12 MONTHS;**

22 **AND**

23 **2. THAT ENDS WITH THE BILLING CYCLE THAT IS**  
 24 **COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR.**

25 (ii) The electric company shall carry forward [accrued  
 26 generation credit] ~~A NEGATIVE KILOWATT HOUR READING~~ **NET EXCESS**  
 27 **GENERATION** until:

28 1. the eligible customer-generator's consumption of  
 29 electricity from the grid eliminates the [credit] ~~NEGATIVE KILOWATT HOUR~~  
 30 ~~READING~~ **NET EXCESS GENERATION**; or

31 2. the [eligible customer-generator has been paid by the  
 32 electric company for any remaining credit in accordance with paragraph (6) of this  
 33 subsection] ~~1-YEAR ACCRUAL PERIOD UNDER SUBPARAGRAPH (1) OF THIS~~  
 34 **PARAGRAPH EXPIRES.**

1 (iii) 1. The [amount of the generation credit shall be  
2 calculated at the prevailing market price of energy applicable to the electric company  
3 in the PJM Interconnection energy market, as that market may change from time to  
4 time] ~~DOLLAR VALUE OF NET EXCESS GENERATION SHALL BE EQUAL TO THE~~  
5 ~~SUM OF THE ENERGY CHARGE AND THE DISTRIBUTION CHARGE PORTION OF~~  
6 ~~THE RETAIL GENERATION OR COMMODITY PORTION OF THE~~ RATE THAT THE  
7 ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN CHARGED BY THE  
8 ELECTRIC COMPANY AVERAGED OVER THE CALENDAR YEAR PREVIOUS  
9 12-MONTH PERIOD ENDING WITH THE BILLING CYCLE THAT IS COMPLETE  
10 IMMEDIATELY PRIOR TO THE END OF APRIL MULTIPLIED BY THE NUMBER OF  
11 KILOWATT-HOURS OF NET EXCESS GENERATION.

12 2. FOR CUSTOMERS SERVED BY AN ELECTRICITY  
13 SUPPLIER, THE DOLLAR VALUE OF THE NET EXCESS GENERATION SHALL BE  
14 EQUAL TO THE GENERATION OR COMMODITY RATE THAT THE CUSTOMER  
15 WOULD HAVE BEEN CHARGED BY THE ELECTRICITY SUPPLIER MULTIPLIED BY  
16 THE NUMBER OF KILOWATT-HOURS OF NET EXCESS GENERATION.

17 [(iv) The generation credit shall appear on the eligible  
18 customer-generator's bill in a dollar amount.]

19 (6) (i) [By written request, the eligible customer-generator may  
20 receive payment from the electric company for any accrued generation credit that  
21 remains at the end of a 12-month period.

22 (ii) On written request of the eligible customer-generator under  
23 subparagraph (i) of this paragraph, within 15 days after the end of a 12-month  
24 period,] ~~ON OR BEFORE JANUARY 15~~ 30 DAYS AFTER THE BILLING CYCLE THAT  
25 IS COMPLETE IMMEDIATELY PRIOR TO THE END OF APRIL OF EACH YEAR, the  
26 electric company shall pay [the] EACH eligible customer-generator for THE DOLLAR  
27 VALUE OF any accrued [generation credit] NET EXCESS GENERATION remaining at  
28 the end of the [12-month period] ~~PREVIOUS CALENDAR YEAR~~ 12-MONTH PERIOD  
29 ENDING WITH THE BILLING CYCLE THAT IS COMPLETE IMMEDIATELY PRIOR TO  
30 THE END OF APRIL.

31 [(iii)] (II) Within 15 days after the date the eligible  
32 customer-generator closes the eligible customer-generator's account, the electric  
33 company shall pay the eligible customer-generator for THE DOLLAR VALUE OF any  
34 accrued [generation credit] NET EXCESS GENERATION remaining at the time the  
35 eligible customer-generator closes the account.

36 (7) (I) NOTWITHSTANDING PARAGRAPHS (5) AND (6) OF THIS  
37 SUBSECTION, AN ELIGIBLE CUSTOMER-GENERATOR SERVED BY AN ELECTRIC  
38 COOPERATIVE THAT SERVES A POPULATION OF LESS THAN 250,000 IN ITS

1 DISTRIBUTION TERRITORY MAY CHOOSE TO BE PAID FOR THE DOLLAR VALUE  
2 OF NET EXCESS GENERATION REMAINING AT THE END OF EACH MONTH INSTEAD  
3 OF AT THE END OF THE ACCRUAL PERIOD SPECIFIED UNDER PARAGRAPH (5)(I)  
4 OF THIS SUBSECTION.

5 (II) IF AN ELIGIBLE CUSTOMER-GENERATOR CHOOSES TO  
6 BE PAID FOR THE DOLLAR VALUE OF NET EXCESS GENERATION REMAINING AT  
7 THE END OF EACH MONTH:

8 1. THE CUSTOMER-GENERATOR MAY ACCRUE NET  
9 EXCESS GENERATION ON A MONTHLY BASIS;

10 2. THE DOLLAR VALUE OF THE NET EXCESS  
11 GENERATION SHALL BE EQUAL TO THE GENERATION OR COMMODITY PORTION  
12 OF THE RATE THAT THE ELIGIBLE CUSTOMER-GENERATOR WOULD HAVE BEEN  
13 CHARGED BY THE ELECTRIC COMPANY FOR THE PREVIOUS MONTH; AND

14 3. ON OR BEFORE 30 DAYS AFTER THE END OF EACH  
15 MONTH, THE ELECTRIC COOPERATIVE SHALL PAY THE ELIGIBLE  
16 CUSTOMER-GENERATOR FOR THE DOLLAR VALUE OF NET EXCESS GENERATION  
17 REMAINING AT THE END OF THE PREVIOUS MONTH.

18 (g) [(1) For an eligible customer-generator whose facility is sized to  
19 produce energy in excess of the eligible customer-generator's annual energy  
20 consumption, the Commission:

21 (i) may require the eligible customer-generator to install a dual  
22 meter that is capable of measuring the flow of electricity in two directions; and

23 (ii) shall develop a credit formula that:

24 1. excludes recovery of transmission and distribution  
25 costs; and

26 2. provides that the credit may be calculated using a  
27 method other than a kilowatt-hour basis, including a method that allows a  
28 dollar-for-dollar offset of electricity supplied by the grid compared to electricity  
29 generated by the eligible customer-generator.

30 (2) In determining whether to require an eligible customer-generator  
31 to install a dual meter under paragraph (1)(i) of this subsection, the Commission shall  
32 consider the generating capacity of the eligible customer-generator.

33 (h) (1) The generating capacity of an electric generating system used by  
34 an eligible customer-generator for net metering may not exceed 2 megawatts.

1           (2) An electric generating system used by an eligible  
2 customer-generator for net metering shall meet all applicable safety and performance  
3 standards established by the National Electrical Code, the Institute of Electrical and  
4 Electronics Engineers, and Underwriters Laboratories.

5           (3) The Commission may adopt by regulation additional control and  
6 testing requirements for eligible customer-generators that the Commission  
7 determines are necessary to protect public safety and system reliability.

8           (4) An electric company may not require an eligible  
9 customer-generator whose electric generating system meets the standards of  
10 paragraphs (2) and (3) of this subsection to:

- 11                   (i) install additional controls;
- 12                   (ii) perform or pay for additional tests; or
- 13                   (iii) purchase additional liability insurance.

14           (5) An eligible customer-generator OR THE ELIGIBLE  
15 CUSTOMER-GENERATOR'S ASSIGNEE shall own and have title to all renewable  
16 energy attributes or renewable energy credits associated with any electricity produced  
17 by its electric generating system.

18           **[(i)] (H)** On or before ~~February~~ SEPTEMBER 1 of each year, the  
19 Commission shall report to the General Assembly, in accordance with § 2-1246 of the  
20 State Government Article, on the status of the net metering program under this  
21 section, including:

22                   (1) the amount of capacity of electric generating facilities owned and  
23 operated by eligible customer-generators in the State by type of energy resource;

24                   (2) based on the need to encourage a diversification of the State's  
25 energy resource mix to ensure reliability, whether the rated generating capacity limit  
26 in subsection (d) of this section should be altered; and

27                   (3) other pertinent information.

28           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 June 1, 2011.